

{As Prepared for Delivery}

**Reservation Economic Summit
Las Vegas, Nevada
February 8, 2006**

**Thomas C. Dorr
Under Secretary for Rural Development
Keynote Address**

Thank you. It is a very great pleasure to be here. And it's a real privilege -- on behalf of President Bush, Secretary Johanns, and a great team at USDA Rural Development -- to have this opportunity to discuss with you the challenges and opportunities facing rural America today.

USDA Rural Development is committed to the future of rural communities from the coast of Maine to the deserts of the Southwest ... from California's Central Valley to the Northern Plains ... from the corn belt to the Mississippi Delta to the north slopes of Alaska.

Rural America covers three quarters of the land mass of this nation and encompasses most of the sovereign tribal nations. It is home to 65 million people. It includes some of the fastest growing communities in

America, as well as areas that have been bypassed and left behind. And everything in between.

Native American communities are an integral part of the rural fabric. And what is true of rural America in general is true also of Indian Country. The diversity is incredible. There are approximately 560 federally recognized tribes. Each community is unique.

One size does not fit all. That is true of most things in life, and it is certainly true of our topic today.

This Conference is entitled “*Building Sustainable American Indian Enterprises: Facing the Challenges & Seizing the Opportunities.*” Those challenges and opportunities are as varied as rural America itself.

And the simple truth is, there is no magic formula ... no switch we can throw ... no ready-made solution that can be airlifted in from Washington, D.C. ... that will, by itself, meet the need.

The fact is, if government could simply capture the intentions of its political rhetoric, we'd have solved most of the problems of the world a long time ago. But it's a little tougher than that.

Sustainable enterprises must be built one entrepreneur at a time, one business at a time, one community at a time.

And the first thing that government must do is learn to listen, because the real story here is not us. It's you.

Economic growth doesn't start with government. It starts with entrepreneurs who take the lead ... accept the risks ... invest the 12 hour days and 70 hour weeks that it takes to build a new business.

You are the key, and at USDA Rural Development, we are here to serve you. We can provide investment capital. We can provide technical support. That's important, and it plays a role.

But it is ultimately your vision, your leadership, your entrepreneurial spirit that makes the difference.

It is a privilege for us to have this opportunity to help. USDA Rural Development is an investment bank for rural America. This year we will invest over \$17 billion in rural infrastructure, housing, community facilities, and businesses. We administer over 40 programs in all. The investments come in all sizes and shapes:

- One day it might be an ethanol plant in Iowa ... or a photovoltaic installation with the Navopache Electric Cooperative.**
- It might be a daycare center in rural Tennessee ... or a \$22 million construction loan to the Mescalero Apaches for a new K-12 school.**
- The investment might be an industrial park in Georgia ... or a Grant to the Flathead Native Agriculture Coop to launch its new Crooked Bow Meats brand into the national market.**
- It might be a small business incubator in Vermont ... or a \$2.4 million loan/grant package to the Navaho nation to fund a new training facility at the Crownpoint Institute of Technology.**

- **Just recently we announced a \$11.75 million loan and a \$750,000 Community Connect grant to the Hopi Telecom Group**

We've done all these things, and more. The numbers add up. USDA Rural Development, in its present form, was established in 1994 as part of a comprehensive reorganization of the Department of Agriculture.

In its first five years, from 1995 through 2000, the agency invested about \$500 Million in Indian Country. This was a significant contribution. It made a difference.

And since 2001 -- since the beginning of the Bush Administration -- we have roughly doubled that commitment. We have invested over \$1 billion in tribal and Alaskan native communities. And we are making a tangible difference for thousands of rural families and hundreds of rural businesses each and every day.

The variety is endless, but the objective is clear. In every investment we make, our goal is sustainable development, guided by the recognition that this is an era of extraordinary opportunity for rural America.

I cannot stress enough this new opportunity.

As I mentioned a moment ago, USDA Rural Development in its present form is scarcely a decade old. But our predecessor agencies run back to the Rural Electrification and Resettlement Administrations, both established in 1935.

That was the era of Depression and Dustbowl. America still had a dual economy. The cities were modern, at least by the standards of 1935.

In the countryside, however, most farmers still walked behind a horse or a mule. You went to bed when the sun went down because the electric grid stopped at the edge of town. Rural schools were often poor. Rural isolation was a fact of life.

Images and attitudes of that era and succeeding decades are still deeply rooted. They are still with us -- they're even dominant in some communities. But the world has changed.

New technologies and new opportunities are transforming the face of rural America. And they are making rural America in the 21st century truly a land of opportunity for those who are prepared to seize it. And conferences like this truly depict that optimism.

At USDA Rural Development, we're committed to the future. In the past, we were often perceived – perhaps fairly – as primarily a social services agency and a lender of last resort. But today our goal is to be an investment bank, a venture capital entity helping rural America build for the next generation.

And if you can turn planning for the 7th generation from a cultural goal into a day-to-day operational reality, that's even better. It would certainly put you far ahead of just about anyone else in Washington, D.C.

Yes, every community is unique. Yes, the challenges are greater for some than for others.

But in the knowledge-based economy of the 21st century, the greatest creative resource is the human mind, and that knows no barriers of time or place.

In looking at rural America today ...

... and frankly, it makes no difference if it's Indian Country, a farm belt county in Iowa, the Mississippi Delta, or a coal mining town of 200 in the hollows of West Virginia ...

... there are three factors that are reshuffling the deck.

In the process, they are creating opportunities for young people that our fathers' generation could not even have imagined. These three factors are connectivity, energy, and something that I call "place."

Let's start with "place".

"Place" is peace and quiet, green fields, and fishable streams. It's lower taxes and a lower cost of doing business. It's affordable housing, a big yard for the kids, and security for your elders. It's the pace of life, low crime, and good schools.

These things can be -- and very frequently are -- significant comparative advantages for rural communities. I've spent most of my life, for example, farming outside Marcus, Iowa. The rural quality of life is something I treasure, as do many of you.

Conversely, I've been on temporary assignment for five years in Washington, D.C. -- and from my present post inside the Beltway, I've never seen a real estate ad boasting about a bigger mortgage for a smaller house, high taxes, noise, crime, and a three-hour commute.

I know -- as do you -- that tribal and rural communities that can provide good jobs, quality healthcare, and good schools are great places to live.

Given the chance, people will vote with their feet. Our job is to help empower that choice by investing in the infrastructure and business development that makes it possible.

These investments may be small, at least in dollar terms, but they are huge for the families and communities they serve. In the broad scheme of things, for example, 15 miles of 6 inch water pipe doesn't sound like much -- but to 138 families in Rincon Marquez and Anthill, in the Navajo Nation, it meant the end of a 68 mile round trip for water.

Potable water is as basic as it gets, and you can multiply that example by hundreds more each year across rural America.

Whether it is water and wastewater, schools and daycare, rural hospitals and emergency services, the opportunity to start a business or get a good job -- nothing hits closer to home than this.

For decades, tribes and rural communities have had difficulty offering opportunities to young people. A majority of kids left after finishing school. Very few college graduates came back.

In my class, for example, I may have been the only one who returned to Marcus – I'm not really sure, but I was certainly one of very few, if not the only one.

Our goal, therefore, begins with the family ... to create communities where our kids have a future.

If their hopes, dreams, ambitions, and talents take them around the world, that's great -- and we want them to have that opportunity -- but our kids shouldn't be forced to leave simply because there is nothing for them at home.

A second key opportunity for rural communities today arises from the communications revolution, especially broadband.

IT is producing the most radical decentralization of information in human history. Today, data can be shared easily across great distances. We no longer need everyone in the same building so they can talk, or shuffle paper from desk to desk. Administrative structures, manufacturing, and distribution networks can be decentralized.

To a degree unprecedented in history, people are going to have choices about where to live and how to work. The same is true of businesses. From a rural development perspective, this leverages “Place.” It lets you live locally and compete globally:

- **TOM PFOTZER EXAMPLE**
- **PLAINS, MONTANA EXAMPLE**

Bottom line, broadband has the potential to make rural communities more competitive than they have been in generations.

Small businesses and individual knowledge workers in remote communities can now be just a click away from the global commons.

With a modem and a mail truck, you can do business with anyone in the world. Our broadband program helps rural communities get connected.

Over a third of the Community Connect Broadband Grants made by USDA Rural Development – 27 out of 75 – have gone to tribal entities.

As one example, the Havasupai -- down in the bottom of the Grand Canyon – are the last community in the United States to get mail by mule. Last year we presented a check for \$1.3 million to install wireless broadband internet service. At the other end of the country, in Hughes, Alaska, we did the same for a native village of 78 people.

Projects like this open the door to economic development. In Hughes, for example, the tribe is going to use its website to facilitate the sale of arts and crafts as well as value-added seafood products. Residents will be able to earn income by providing data processing services.

Videoconferencing will enhance educational and health care options.

One village or town ... one business ... one family at a time, the spatial organization of America is being re-engineered.

It won't happen overnight -- but I am convinced, if we do our jobs right, that smaller cities, small towns, and rural areas, including Indian Country, have a very bright future in store.

Finally, as President Bush emphasized again in his State of the Union Address last week, rural America has a major new cash crop.

It's energy, and we have waited a long time for this. Energy has been a political football for 30 years. But talk is cheap. If speeches and press releases produced energy, the energy crisis would have been solved long ago.

The barrier to renewable energy has been price. Today, \$60 per barrel of oil has changed the equation. Alternative energy is taking off – so much so that I make a point of saying that we shouldn't necessarily call it “alternative” energy anymore. It's going mainstream:

- **U.S. ethanol production in 2005 exceeded 4 billion gallons. The 7.5 billion gallon renewable fuels standard in the Energy Bill will keep that growth on track.**
- **Biodiesel usage has soared from about 5 million gallons in 2001 to 25 million gallons in 2004 to 75 million gallons last year. You heard that correctly. It tripled in a single year, and many observers expect it to double again this year.**
- **U.S. wind power capacity by the end of last year reached 6,740 Megawatts, and another 5,000 MW are currently under construction or in negotiation. I understand that Pat Sear and Bob Goff are here. Their group, the Intertribal Council on Utility Planning, is working on an 80-MW wind project, costing \$120 million but very efficient.**
- **The U.S. Department of Energy estimates that wind can generate at least 6% of U.S. electricity by 2020. That's an extrapolation of current growth rates.**

- **Responding to market opportunities, since 2001 USDA Rural Development has invested nearly \$290 million in non-traditional energy production.**

Indian Country will get its share. I've already mentioned the Navopache solar installation. A thousand miles away, we've financed a 750 kilowatt wind turbine generator on the Rosebud Reservation.

We're also investing in biomass, in direct combustion of forest salvage and lumber waste, in digesters for cattle operations, in ethanol and biodiesel.

These new energy sources aren't just a way of turning on the lights and filling up the gas pump. They mean investment, good jobs, opportunities for young people. They mean the recirculation of capital through rural communities across the nation – if we are smart and adaptive enough to capture them. Here again, the watchword is diversity. The opportunities are different in each community ...

... and in energy -- as in every other area of economic development -- we are eager to work with you to identify and exploit the unique potential of every rural community throughout Indian Counties.

The potential is there. But I would like to end as I began – with an invitation, and a challenge to you.

We understand today that entrepreneurship and a vibrant business sector -- not government programs -- are the keys to sustainable development. It must be market driven.

We recognize, therefore, that our role in government is to empower local initiative – public, private, and tribal alike.

We also understand that money is part -- but only part -- of that role. We can't pay for everything, everywhere, every time -- and we don't want to.

Rural America doesn't need Potemkin Villages that wither and die the moment the subsidy plug is pulled. What it does need is viable businesses, strong communities, and young families eager to build a future.

Local leadership is important. We have an unmatched delivery system of 800 local offices, and we intend to build on that asset. We think we can make smarter decisions by empowering our staff in the field than by making all the calls from inside the bubble in Washington, D.C.

This means that the important thing for you to do is NOT to come see me in D.C. The important call is to your USDA Rural Development State Director back home. That's the key person you need to know to do business with us. If you haven't yet made that contact, I hope you'll make the call as soon as you get home.

And last but certainly not least, we recognize that our success depends on partnerships -- and we know that to be a good partner we must be responsive, flexible, and accountable to you.

Together, we make a formidable team. As a venture capital entity, we are talent scouts. We are always looking for the next generation of rural business leaders and entrepreneurs.

And I know that some of those leaders are here today.

So on behalf of President Bush, Secretary Johanns, and a great team at USDA Rural Development, thank you for this opportunity. We look forward to working with you. Give us a call. Thank you.